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DIRECTORATE OF INTELLIGENCE

19 September 1986

China's Space Program: Future Developments and Commercial Sales

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SUMMARY

The Chinese have embarked on an ambitious space launch program which, if successful, will meet domestic needs and may generate foreign currency earnings of \$100 million in 1988 and \$500 million per year by the mid-1990s, through sales of launch services. We estimate that hard currency earnings from Beijing's space marketing campaign will help underwrite improvements in China's ballistic missiles, based on established practice in other defense industries. China's space industry is ten to 15 years behind the United States, Europe, or Japan in technology, but it has the capacity to launch many more satellites than Beijing can produce or use.

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This memorandum was prepared by [redacted] Office of Scientific and Weapons Research, [redacted] and [redacted] Office of East Asian Analysis. Information available as of 15 September 1986 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, International Security Branch, OEA, [redacted]

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The Xichang Space Launch Complex

Xichang--China's newest space-launch center--consists of a single pad and gantry with associated support facilities designed for geostationary satellite launches. It was completed in 1983 after twelve years of construction and was first used in January 1984. Richard Smith, former director of the Kennedy Space Center, described Xichang as a spartan but highly functional facility with good potential for expansion. Barring a major accident that damaged the launch area, Xichang could support up to six launches per year. In addition to geostationary satellites, the facility could be used to place heavy satellites into low-earth orbits

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In order to take advantage of excess capacity, the Chinese entered the space launch services market in April 1984 and accelerated their efforts shortly after the Challenger disaster. China has signed launch agreements with a US corporation and Sweden

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- The most widely publicized contract--with the US Teresat Corporation--may not lead anywhere.

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- Earlier this year, Beijing signed a \$4 million contract to place a Swedish satellite into low-earth orbit as part of a dual payload with a Chinese satellite in October 1988.

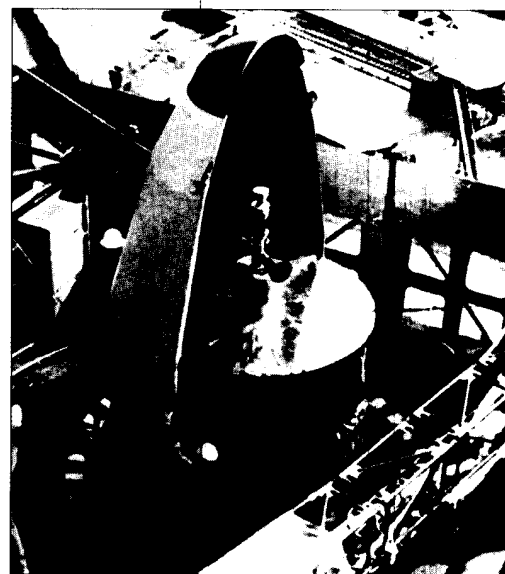
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The launch of a US satellite undoubtedly would give China's marketing program a boost but probably would involve little or no useful technology transfer.

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Chinese Satellite Launch

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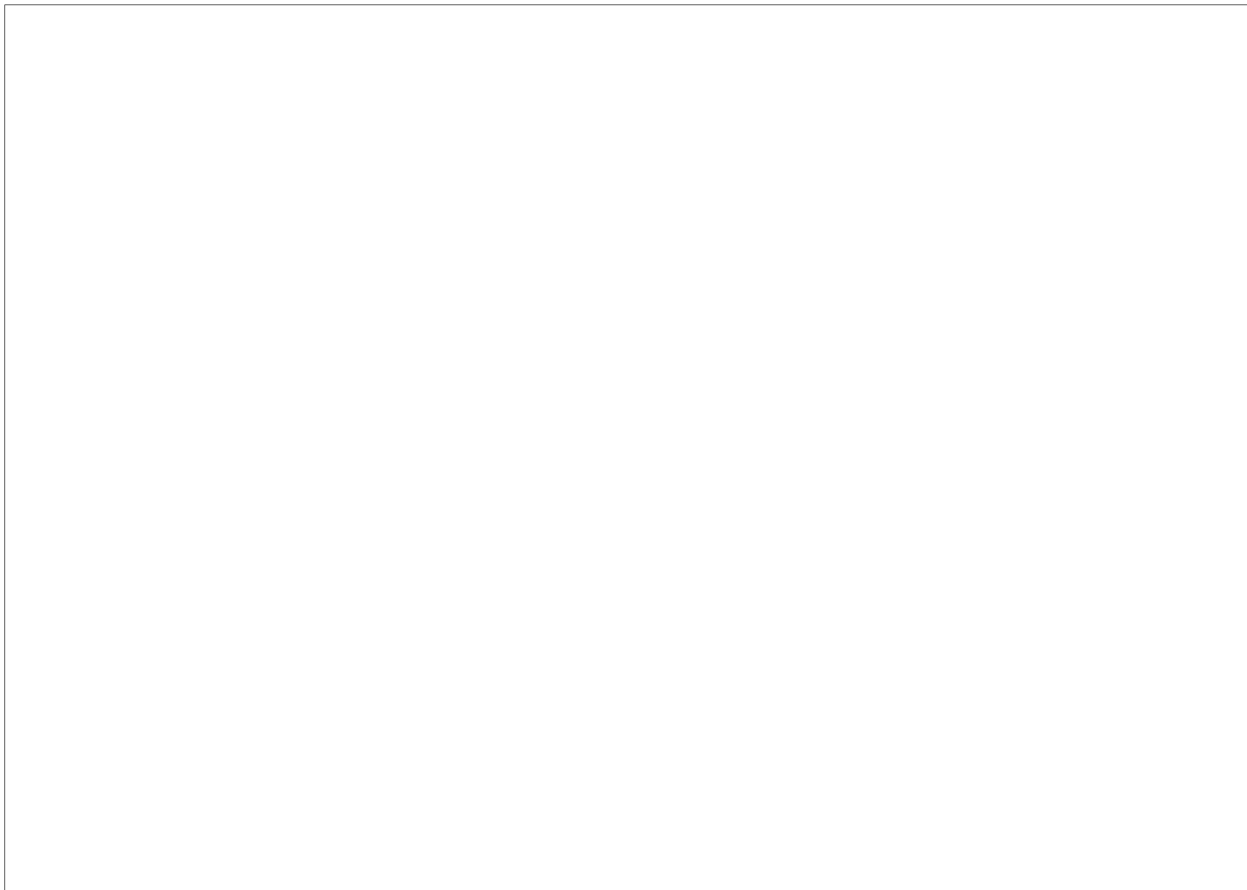
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- The Chinese could learn a great deal about satellite-rocket mating and separation but none of the technologies or procedures involved are unique to US satellites.
- No advanced computer programs, computers, or testing equipment would be used at the launch site or be made available to the Chinese.
- The Chinese could not learn a great deal from examining the outside of a US satellite and, without the help of US technicians, could not open it for inspection without damaging it. 

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China could provide foreign customers some 10 to 20 launches per year by the 1990s.

- China could launch up to six geostationary satellites per year from Xichang and from six to 12 satellites per year into low earth orbits from two pads at Jiquan.
- In addition, the Chinese could use facilities at Wuzhai--not shown to foreign visitors--for one or two polar or geostationary launches per year.



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